

04-197



# U.S. ECONOMIC ASSISTANCE PROGRAM IN EGYPT

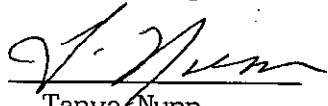
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USAID Grant Agreement No. 263-0270

THIRD AMENDMENT  
TO  
RESULTS PACKAGE AGREEMENT  
BETWEEN  
THE ARAB REPUBLIC OF EGYPT  
AND THE  
UNITED STATES OF AMERICA  
FOR  
EGYPT UTILITIES MANAGEMENT

Dated: 30 SEP 2000

"Certified to be a true copy of the original document signed by Ambassador Daniel C. Kurtzer, and Dr. Ahmed El-Dersh, Minister of State for International Cooperation."

  
Tanya Nunn  
Legal Advisor

FUNDS RESERVED <i>P00354</i>	
App. <i>72X1037</i>	Res. No. <i>P00360 / P0033</i>
EOCC <i>41701</i>	EPC <i>HES00023263K912</i>
Off. Code <i>018</i>	Amount <i>366,288,650.00</i>
Agent Code	Acc. Basis
Oblig. Str. Dt. <i>09/30/00</i>	Oblig. End Dt.
By <i>Amia</i> B&A	MACG <i>AA</i> Date <i>09/28/00</i>

Third Amendment, dated 30 SEP 2000 to the Results Package Grant Agreement, dated September 29, 1997, between the Arab Republic of Egypt ("A.R.E.") and the United States of America, acting through the United States Agency for International Development ("USAID") (collectively, the "Parties") for Egypt Utilities Management ("the Grant Agreement").

SECTION 1. The Grant Agreement, as previously amended, is hereby further amended as follows:

A. Section 3.1 is amended by deleting "One Hundred Seventy Million Four Hundred Thirty Two Thousand One Hundred Eight United States ("U.S.") Dollars (\$170,432,108)" and substituting "Two Hundred Forty Six Million Seven Hundred Twenty Thousand Seven Hundred Fifty Eight U.S. Dollars (\$246,720,758)" therefor.

B. Attachment No. 1.1 (Illustrative Financial Plan, USAID Contribution) attached to Annex No. 1 is deleted in its entirety and is replaced with Attachment No. 1.1 (Illustrative Financial Plan, USAID Contribution), attached hereto.

C. Annex II of the Results Package Grant Agreement Standard Provisions, Article B, General Covenants, Section B.5., is deleted in its entirety and the following is substituted therefor:

"Section B.5. Reports and Information, Agreement Books and Records, Audits, and Inspections.

(a) Reports and Information. The Grantee shall furnish USAID accounting records and such other information and reports relating to the Agreement as USAID may reasonably request.

(b) Grantee Agreement Books and Records. The Grantee shall maintain accounting books, records, documents and other evidence relating to the Agreement, adequate to show, without limitation, all costs incurred by the Grantee under the Agreement, the

receipt and use of goods and services acquired under the Agreement by the Grantee, agreed-upon cost sharing requirements, the nature and extent of solicitations of prospective suppliers of goods and services acquired by the Grantee, the basis of award of Grantee contracts and orders, and the overall progress of the Agreement toward completion ("Agreement books and records").

The Grantee shall maintain Agreement books and records in accordance with generally accepted accounting principles prevailing in the United States, or, subject to the mutual agreement of the Parties, other accounting principles, such as those (1) prescribed by the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) or (2) prevailing in the country of the Grantee. Agreement books and records shall be maintained for at least three years after the date of last disbursement by USAID or for such longer period, if any, required to resolve any litigation, claims or audit findings.

(c) Grantee Audit. If \$300,000 or more of USAID funds are expended directly by the Grantee in its fiscal year under the Agreement, the Grantee shall have financial audits made of the expenditures in accordance with the following terms, except as the Parties may otherwise agree in writing:

(1) Upon mutual agreement of the Parties, the Grantee may select an independent auditor in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the USAID Inspector General ("Guidelines"), and the audits shall be performed in accordance with the "Guidelines"; and

(2) The audit shall determine whether the receipt and expenditure of the funds provided under the Agreement are presented in accordance with generally accepted accounting principles agreed to in section (b) above and whether the Grantee has complied with the terms of the Agreement. Each audit shall be completed no later than nine months after the close of the Grantee's year under audit.

(d) Sub-recipient Audits. The Grantee, except as the Parties may otherwise agree in writing, shall submit to USAID, in form and substance satisfactory to USAID, a plan for the audit of the expenditures of "covered" sub-recipients, as defined below, that receive funds under this Agreement pursuant to a direct contract or agreement with the Grantee.

(1) A "covered" sub-recipient is one who expends \$300,000 or more in its fiscal year in "USAID awards" (i.e., as recipients of USAID cost reimbursable contracts, grants or cooperative agreements and as sub-recipients under USAID strategic objective and other grant agreements with foreign

governments).

(2) The plan shall describe the methodology to be used by the Grantee to satisfy its audit responsibilities for covered sub-recipients. The Grantee may satisfy such audit responsibilities by relying on independent audits of the sub-recipients; expanding the scope of the independent financial audit of the Grantee to encompass testing of sub-recipients' accounts; or a combination of these procedures.

(3) The plan shall identify the funds made available to covered sub-recipients that will be covered by audits conducted in accordance with other audit provisions that would satisfy the Grantee's audit responsibilities. (A non-profit organization organized in the United States is required to arrange for its own audits. A for-profit contractor organized in the United States that has a direct contract with USAID is audited by the cognizant U.S. Government Agency. A private voluntary organization organized outside the United States with a direct grant from USAID is required to arrange for its own audits. A host-country contractor should be audited by the Grantee's auditing agency.)

(4) The Grantee shall ensure that covered sub-recipients under direct contracts or agreements with the Grantee take appropriate and timely corrective actions; consider whether sub-recipients' audits necessitate adjustment of its own records; and require each such sub-recipient to permit independent auditors to have access to records and financial statements as necessary.

(e) Audit Reports. The Grantee shall furnish or cause to be furnished to USAID an audit report for each audit arranged for by the Grantee in accordance with this Section within 30 days after completion of the audit and no later than nine months after the end of the period under audit.

(f) Other Covered Sub-recipients. For "covered" sub-recipients who receive funds under the Agreement pursuant to direct contracts or agreements with USAID, USAID will include appropriate audit requirements in such contracts or agreements and will, on behalf of the Grantee, conduct the follow-up activities with regard to the audit reports furnished pursuant to such requirements.

(g) Cost of Audits. Subject to USAID approval in writing, costs of audits performed in accordance with the terms of this Section may be charged to the Agreement.

(h) Audit by USAID. USAID retains the right to perform the audits required under this Agreement on behalf of the Grantee by

utilizing funds under the Agreement or other resources available to USAID for this purpose, conduct a financial review, or otherwise ensure accountability of organizations expending USAID funds regardless of the audit requirement.

(i) Opportunity to Audit or Inspect. The Grantee shall afford authorized representatives of USAID the opportunity at all reasonable times to audit or inspect activities financed under the Agreement, the utilization of goods and services financed by USAID, and books, records and other documents relating to the Agreement.

(j) Sub-recipient Books and Records. The Grantee will incorporate paragraphs (a), (b), (d), (e), (g), (h) and (i) of this provision into all subagreements with non-U.S. organizations which meet the \$300,000 threshold of paragraph c) of this provision. Subagreements with non-U.S. organizations, which do not meet the \$300,000 threshold, shall, at a minimum, incorporate paragraphs (h) and (i) of this provision. Subagreements with U.S. organizations shall state that the U.S. organization is subject to the audit requirements contained in OMB Circular A-133."

SECTION 2. Language of Amendment. This Amendment is prepared in both English and Arabic. In the event of ambiguity or conflict between the two versions, the English language version will prevail.

SECTION 3. Except as specifically amended or modified herein, the Grant Agreement shall remain in full force and effect in accordance with all of its terms.

SECTION 4. Effectiveness. This Amendment shall enter into force when signed by both parties hereto.

SECTION 5. Ratification. The Grantee will take all necessary action to complete all legal procedures necessary to ratification of this Amendment and will notify USAID as promptly as possible of the fact of such ratification.

IN WITNESS WHEREOF, the Arab Republic of Egypt and the United States of America, each acting through its respective duly authorized representatives, have caused this Amendment to be signed in their names and delivered as of the day and year first above written.

ARAB REPUBLIC OF EGYPT

BY :

NAME : Dr. Ahmed El-Dersh

TITLE: Minister of Planning  
and Minister of State for  
International Cooperation

BY :

NAME : Ms. Maissa El-Gohary

TITLE: Acting Administrator of the  
Department for Economic  
Cooperation with U.S.A.

UNITED STATES OF AMERICA

BY :

NAME : Daniel C. Kurtzer

TITLE: American Ambassador

BY :

NAME : Willard J. Pearson, Jr.

TITLE: Director,  
USAID/Egypt

Implementing Organizations

In acknowledgement of the foregoing Agreement, the following representatives of the implementing organizations have subscribed their names:

MINISTRY OF HOUSING, PUBLIC UTILITIES  
AND URBAN COMMUNITIES

BY :

NAME : Dr. Mohamed Ibrahim Solaiman

TITLE: Minister

GOVERNORATE OF FAYOUM

BY :

NAME : Dr. Samir El-Kholy

TITLE: Governor of Fayoum

GOVERNORATE OF ALEXANDRIA

BY :

NAME : Mr. Mohamed Abdel Salam El Mahgoub

TITLE: Governor of Alexandria

GOVERNORATE OF BENI SUEF

BY : S Shagga  
NAME : Eng. Said M. El Naggar  
TITLE: Governor of Beni Suef

GOVERNORATE OF MINIA

BY : H Hemaida  
NAME : General Hassan Hemeda  
TITLE: Governor of Minia

Fayoum Economic General Authority  
for Potable Water and Sanitary Drainage

BY : M. Massoud  
NAME : Engineer Mahmoud Masoud  
TITLE: Chairman

Alexandria Water General Authority

BY : Hassan Elshafey  
NAME : Engineer Hassan El Shafey  
TITLE: Chairman



Beni Suef Economic General Authority  
for Potable Water and Sanitary Drainage

BY : Taha

NAME : Engineer Taha Mohamed Shehata

TITLE: Chairman

Minia Economic General Authority  
for Potable Water and Sanitary Drainage

BY : Samir H. Abou El Leil

NAME : Engineer Samir Hassan Abou El Leil

TITLE: Chairman

**Egypt Utilities Management**  
**Third Amendment To The Illustrative Financial Plan**  
**USAID Contribution ( US \$ )**

Component	USAID Contribution				
	Previous Oblig.	This Oblig.	Oblig. To-Date	Future Oblig.	Total USAID
1. Construction Program Master Plan and Special Studies Design and Const. Supervision Distribution System Rehabilitation Raw Water improvement Water/Wastewater Sys. Improvement Labs and support facilities Water/wastewater system expansion	122,600,000	71,820,758	194,420,758	68,279,242	262,700,000
2. Institutional Development Institutional Strengthening Commodities Water Meters	45,432,108	4,467,892	49,900,000	0	49,900,000
3. Audit, Evaluation, & Assessment Audit Evaluation Host Country Cont. Assessment RP Development	2,400,000	0	2,400,000	0	2,400,000
<b>RESULTS PACKAGE TOTAL</b>	170,432,108	76,288,650	246,720,758	68,279,242	315,000,000

**Egypt Utilities Management/Middle Egypt Governorates (263-0270.01)**

**Third Amendment To The Illustrative Financial Plan**

**USAID Contribution ( US \$ )**

Component	USAID Contribution				
	Previous Oblig.	This Oblig.	Oblig. To-Date	Future Oblig.	Total USAID
1. Construction Program Master Plan and Special Studies Design and Const. Supervision Distribution System Rehabilitation Raw Water improvement Water/Wastewater Sys. Improvement Labs and support facilities Water/wastewater system expansion	67,700,000	65,820,758	133,520,758	48,479,242	182,000,000
2. Institutional Development Institutional Strengthening Commodities Water Meters	26,732,108	(1,532,108)	25,200,000	0	25,200,000
3. Audit, Evaluation, & Assessment Audit Evaluation Host Country Cont. Assessment RP Development	800,000	0	800,000	0	800,000
<b>RESULTS PACKAGE TOTAL</b>	<b>95,232,108</b>	<b>64,288,650</b>	<b>159,520,758</b>	<b>48,479,242</b>	<b>208,000,000</b>

**Egypt Utilities Management/Alexandria (263-0270.02)**  
**Third Amendment To The Illustrative Financial Plan**  
**USAID Contribution ( US \$ )**

Component	USAID Contribution				
	Previous Oblig.	This Oblig.	Oblig. To-Date	Future Oblig.	Total USAID
1. Construction Program Master Plan and Special Studies Design and Const. Supervision Distribution System Rehabilitation Raw Water improvement Water Systems Improvement Labs and support facilities Water system expansion	54,900,000	6,000,000	60,900,000	19,800,000	80,700,000
2. Institutional Development Institutional Strengthening Commodities Water Meters	14,700,000	1,000,000	15,700,000	0	15,700,000
3. Audit, Evaluation, & Assessment Audit Evaluation Host Country Cont. Assessment RP Development	600,000	0	600,000	0	600,000
<b>RESULTS PACKAGE TOTAL</b>	<b>70,200,000</b>	<b>7,000,000</b>	<b>77,200,000</b>	<b>19,800,000</b>	<b>97,000,000</b>

Egypt Utilities Management/National-Level "Sectoral" Activities

(263-270.03)

Third Amendment To The Illustrative Financial Plan

USAID Contribution ( US \$ )

Component	USAID Contribution				
	Previous Oblig.	This Oblig.	Oblig. To-Date	Future Oblig.	Total USAID
1. Construction Program	0	0	0	0	0
2. Institutional Development	4,000,000	5,000,000	9,000,000	0	9,000,000
3. Audit, Evaluation, & Assessment	1,000,000	0	1,000,000	0	1,000,000
RESULTS PACKAGE TOTAL	5,000,000	5,000,000	10,000,000	0	10,000,000